

<p>In the Matter of Fact Finding</p> <p>Between</p> <p>City of Cedar Falls, Iowa</p> <p>and</p> <p>Cedar Falls Firefighters Local 1366</p>	<p>Paul Lansing</p> <p>Fact Finder</p> <p>2002 MAR 16 11:00 AM CITY OF CEDAR FALLS FIREFIGHTERS LOCAL 1366</p>
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APPEARANCES

For The Employer:

Susan Staudt, Spokesperson
Jennifer Rodenbeck, Finance Manager
Barry Haskins, Personnel Specialist

For The Union:

Scott Dix, President Local 1366
Rick Sharp, Local Member
Jeff Danielson, Local Member

A hearing in the above matter was held on March 15, 2002 in Cedar Falls, Iowa before the undersigned Fact Finder. During the hearing, both the City and the Union were given full opportunity to provide evidence and argument. Neither party filed a post-hearing brief.

I. BACKGROUND

This dispute involves contract negotiations between the City of Cedar Falls, Iowa (hereinafter the "Employer") and Cedar Falls Firefighters Local 1366 (hereinafter the "Union"), the exclusive bargaining representative of approximately 31 employees. The City of Cedar Falls has a population of 36,145 as of the 2000 census.

The record indicates that the parties are attempting to reach a contract settlement for the July 2002 to July 2003 fiscal year. The parties have conducted multiple bargaining sessions in an effort to reach an accord on a new agreement.

The parties filed for impasse with the Iowa Public Employment Relations Board. Unable to reach settlement, the undersigned Fact Finder was selected by the parties. A hearing was conducted by the Fact Finder on March 15, 2002.

While there is no explicit criteria in the Iowa statute by which a fact finder is to judge the reasonableness of the parties' bargaining proposals, Section 22.9 of the Act provides guidance for interest arbitrators in rendering awards. In this respect the statute, in relevant part, provides:

The panel of arbitrators shall consider in addition to any other relevant factors, the following factors:

- a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the

involved public employees doing comparable work, given consideration to factors peculiar to the area and the classification involved.

- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments, and the effect of such adjustments on the normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

In addition, Section 17.6 of the statute provides that "no collective bargaining agreement or arbitrator's decision shall be valid or enforceable if its implementation would be inconsistent with any statutory limitation on the public employer's funds, spending or budget, or would substantially impair or limit the performance of any statutory duty of the public employer."

Although there is no specific reference to a fact finder, it is generally assumed within the industrial relations community that it is the intent of the Iowa statute that the fact finder formulate recommendations based upon the above cited criteria. Accordingly, the recommendations contained herein are formulated with due regard for the criteria mandated for interest arbitration.

II. ISSUES FOR CONSIDERATION

The parties remain at impasse on the following issues:

- A. Wages
- B. Medical Insurance

III. WAGES

A. Position of the Union. The Union's final offer for the fact finding on the matter of wages calls for a 4% increase across the board for its members (Union Exhibit #3). The Union maintains that since ability to pay is not an issue here, comparability is the main criteria to be considered when making a recommendation in this matter.

Toward that end, the Union presented other union cities in Iowa based upon population. The Union presented six cities immediately above Cedar Falls population – Waterloo, Iowa City, Council Bluffs, Dubuque, Ames and West Des Moines, and six cities immediately below Cedar Falls population – Bettendorf, Mason City, Clinton, Burlington, Marion and Marshalltown (Union Exhibit #5). It then compared hourly wages among these cities at entry, seven years completed, and maximum rate for firefighters. Its conclusion was that Cedar Falls is average at entry and at seven years but at maximum rate is behind these other cities by 4.8% (Union Exhibit #6). A similar comparison was done for Top Lieutenants, with Cedar Falls being behind the average by 6.5% (Union Exhibit #7). The attempt to compare the Minimum Rental Housing Inspector was made difficult by the fact that it is a part-time position in Cedar Falls

(Union Exhibit #8).

Last, the Union presented information on wage settlements for the upcoming fiscal year among the other twelve cities. This was somewhat difficult to do because at least two of the other cities were still negotiating and many of the other settlements were part of multi-year contracts. However, the Union maintains that the average historical comparables for the next fiscal year among those cities is 3.34% (Union Exhibit #9).

It is the Union's position that a 4% across the board wage increase for all its bargaining members will come to a total cost of \$51,674.17 for the City (Union Exhibit #13).

B. Position of the Employer. The Employer's final offer for fact finding on the matter of wages calls for a 2% increase across the board for members of the Union (Employer Exhibit #2). The Employer does not argue that ability to pay is at issue here. Therefore, comparability is the main measure used by the Employer.

However, where the Union used population for comparison purposes, the Employer uses Department size as the controlling determinant for comparison. Again using the familiar six cities immediately above Cedar Falls in Department size – Fort Dodge, Mason City, Clinton, Ames, Burlington and Iowa City, and six cities immediately below Cedar Falls Department size – Ottumwa, Marshalltown, Muscatine, West Des Moines, Newton and Marion, were presented (Employer Exhibit #4). It then compared hourly rate of pay at entry, four years, eight years and maximum rate for firefighters. The Employers conclusion was that members of the Union were slightly above the average at

entry, four years, eight years and just below the average at maximum rate (Employer Exhibit #6). A similar comparison was done on an annual salary basis with the same results reported (Employer Exhibit #7).

In addition, the Employer presented information about the Consumer Price Index. It noted that the Index had increased at a rate of 1.6% last year as of December 2001 (Employer Exhibit #9). Historically, the percentage wage increase was closely similar to the Index increase from the previous year (Employer Exhibit #10).

It is the Employers position that a 2% across the board wage increase for the Union's members will come to a total salary cost of \$40,995 for the Employer. Including total costs, the Employer maintains it is about a \$29,000 difference between the Employer and Union proposals on wages (Employer Exhibit #11).

C. Discussion and Contract Recommendation. Both parties rely upon the comparison argument in support of their positions. While the Union uses the measure for comparison of population size, the Employer uses the measure of Department size. After listening to the oral presentations, I think it is a bit tricky to use Department size for comparison because some cities differ on who is included in their Firefighters Union. Some cities include ambulance personnel, some do not. Some cities depend on a larger volunteer group for their services, some do not. Without more detailed knowledge of who is included in these other departments of comparable cities, I think the population measure is of more use here.

That, however, leaves the problem of how to assess the value of another city of a

similar population size which is a few hundred miles away – Council Bluffs. Or a city which borders on the largest city in the state – West Des Moines. Or a city which has included an extra, one-time benefit, into the comparable contract year – food expense in Iowa City.

However, since comparability is the usual standard used by neutrals, I would again note the Union's hourly rate of pay comparison (Union Exhibit #6). Even using the Union's own exhibit, the Cedar Falls wage position is not out of line with the other cities noted. While the maximum wage difference is noted, it takes fewer years in Cedar Falls to reach that stage than most other cities.

In regard to wage settlements for next year (Union Exhibit #9) it should be noted that most of the agreements reached are part of multi-year contracts. The economics of the state have changed downward in the last year or two. Although the Union argues that the local economy of Cedar Falls has prospered recently, as evidenced by increased tax receipts locally, each party assumes some risk by relying upon year-to-year agreements. Even with the multi-year contracts included in the exhibit, the average wage increase is 3.34%, well below the Union position of a 4% increase.

While the Employer does not dispute that the local economy has done well recently, it relies upon the CPI increase of 1.6% to support its position of a 2% wage increase. However, looking at past bargaining by the parties, there were years where the CPI increased by 1.5% (1997) or 1.6% (1998) and the wage increase was 3% or 3.3% (Employer Exhibit #10).

In light of the above information, the undersigned recommends that the Employer

grant a three (3) percent increase to the Union. With the other recommendation cited in this report, the fact finder concludes that this recommendation is warranted by the facts and can serve as a settlement for the Employer and the Union.

IV MEDICAL INSURANCE

A. Position of the Union. The Union's final offer for fact finding on the matter of medical insurance calls for no changes in insurance rates or coverage. At present, a single policy is paid completely by the Employer – \$213.24 per month. Under the family policy, the Employer pays \$653.19 per month and the employee pays \$36.30 per month. Neither dental or optical care is provided presently. Since some other comparable cities cited by the Union do provide these services, comparing the cost of comparable plans is difficult (Union Exhibit #10).

Using the comparable cities analysis, the Union notes that all cities, except one or two, pays the full single premium. Six cities cover the entire cost of family coverage, the others have employees make a contribution for family coverage.

The premium history indicates that in Cedar Falls the Union has made increased contributions to family coverage about every other year. These increases have ranged from 10% (2000,2002) to 18% (1995) (Union Exhibit #11).

The Union realizes that the costs of medical insurance are rising each year but argues that since the Employer is self-insured and the Union has no voice in participating in decisions about medical insurance, it should not be the one to suffer the increased costs

associated with medical insurance issues (Union Exhibit #14).

B. Position of the Employer. The Employer's final offer for fact finding on the matter of medical insurance calls for a change in the present system. The Employer proposes that it will contribute to Employees \$800 per month for purchase of family health insurance and \$295 per month for purchase of single health insurance.

In exchange for this monetary contribution, the Employee would be responsible for the purchase of their own health care coverage. The Employer would deposit money monthly in an Employee account and the Employee would submit receipts documenting payment for health care coverage. Other particulars of the proposal were put forward by the Employer (Employer Exhibit #2).

Since the present cost to the Employer of family medical insurance is \$653.19 per month, the Employer maintains that giving Employees \$800 per month would be a substantial benefit to the Employees. The Employees could then choose whatever form of medical insurance they wanted, free from whatever arrangement the Employer may have made for them.

The Employer relies heavily on a letter from their consultant in this area, The Segal Company, and their projections for the fiscal year 2002-2003 (Employer Exhibit #14). In this letter, the consulting company projects the Employer's contributions starting in July 2002 to be \$350.96 for single coverage and \$1,014.85 for family coverage. These projections equate to a 64.6% increase in contribution rates for the Employer. The Segal letter recommends that the Employer explore alternative funding options, such as a full cafeteria plan that would better allow the Employer to budget its future health care costs.

The Employer maintains that their proposal would reflect a total dollar increase for medical insurance of \$446,758 or a total percentage increase of 22.54%. The Union proposal, the Employer argues, would reflect a total dollar increase of \$141,891 or a total percentage increase of 68.41% (Employer Exhibit #17).

C. Discussion and Contract Recommendation. The issue of medical insurance is a difficult issue for both parties. The difficulty stems from the fact that neither party can control the rising costs associated with medical insurance. Since neither party can control the costs, they are left with the problem of what is the fairest way to apportion the costs between them. The Segal Company consultant letter to the Employer suggests ways to share the rising costs but does not suggest any ways to end the rising costs. It is a frustrating issue to both parties.

Ironically, it appears that it was the Union who first suggested the change in approach. The Union originally suggested a \$750 monthly contribution by the Employer to cover its obligation for family medical insurance. I am not certain why it made the initial suggestion, perhaps members were covered by plans maintained by spouses and they thought they could pocket the monthly payment. The Employer has whole heartily embraced the approach. In fact, to attract the Union, the Employer offers to increase the monthly payment of \$800 a month, but with restrictions.

At some point after the original approach, the Union decided it was not a good idea and returned to the system in the present contract. In large measure the Union returned to the present system because it came to the realization that its members are in a

high risk group and regardless of the monthly payment amount, they might not be able to obtain medical insurance coverage.

As it is the Employer who now seeks to make a major change to the present contract in the health insurance provision, the burden lies with them to demonstrate the need for the change. While rising costs are a real concern, the Employer cannot refer to any comparable city that presently has a system in place which is similar to their final offer on this issue.

Beyond the comparability matter, both parties know that neutrals are reluctant to make major changes to the present contract. Neutrals do not know the full bargaining history of the parties, what sacrifices were made to maintain which rights under the contract in past years. Major structural changes to a contract are better made by the parties and not the neutral. Without evidence beyond the rising costs of medical insurance, I do not think the Employer has carried the burden in this matter.

In deciding to maintain the present contract approach, this does not mean that the Union might not share in this added cost. On the one hand, both recognize that the Union contribution is miniscule compared to the Employers. On the other hand, since the Union has no voice in participating in decisions about medical insurance coverage -e.g. getting bids- they have reason to believe that their contributions should be minimal.

To complicate this matter, at the time of the hearing the Employer did not know the dollar amount cost of coverage for the next fiscal year. While both parties realize there will be an increase in cost, the amount remains uncertain. This makes it more difficult to assess a fair approach to cost allocation.

However, considering all the above, I think it would be most appropriate to increase the Union contribution for family medical insurance coverage. In light of the past bargaining history between the parties, I recommend a 15% increase to the present monthly payment of \$36.30. That would mean an increase of \$5.45 a month, to a total of \$41.75.

I understand that the Union might be unhappy with my recommending a wage increase, and then taking some of that back in increased medical insurance payments. However, the medical insurance matter requires that both parties share some of the increased cost over which neither has any effective control.

V. SUMMARY

For the reasons cited in this report, the undersigned makes the following recommendations for the 2002-2003 contract:

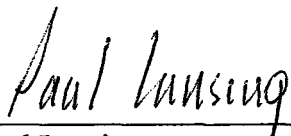
Wages – Three (3) percent increase effective July 2002.

Medical Insurance – Current medical insurance system remains in place. Union members will pay an additional 15% for family coverage.

It is expected that neither party will be happy with the recommendations.

Hopefully, they can serve as a basis for further negotiations and a contractual accord between the parties.

Dated this 22 day
of March, 2002



Paul Lansing
Fact Finder

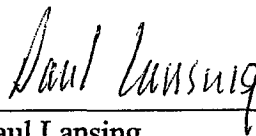
CERTIFICATE OF SERVICE

I certify that on the 12 day of March 2002, I served the foregoing Report of Fact Finder upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Susan Staudt
220 Clay Street
Cedar Falls, IA 50613

Scott Dix
1718 Main Street
Cedar Falls, IA 50613

I further certify that on the 12 day of March 2002, I will submit this Report for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.



Paul Lansing
Fact Finder